

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Timothy E. McKee, Chair
Susan M. Seltsam
John Wine

In the Matter of Implementation of the)
State Telecommunications Act of 1996) Docket No. 194,734-U
(H.B. 2728) and the Federal)
Telecommunications Act of 1996)
Regarding Telecommunications Public)
Utilities.)

ORDER

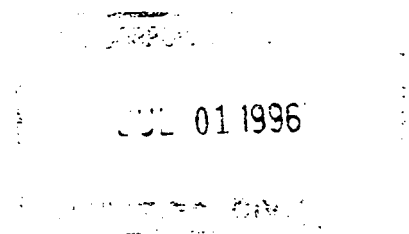
NOW, the above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

I. Background:

1. On May 17, 1996, Senate Substitute for Substitute for House Bill No. 2728 (1996 Kansas Act) was signed into law. This law amends current Kansas telecommunications statutes and becomes effective on July 1, 1996.

2. Section 6. (v) of the state telecommunications act states that:

Telecommunications carriers shall not be subject to price regulation, except that: Access charge reductions shall be passed through to consumers by reductions in basic intrastate toll prices; and basic toll prices shall remain geographically averaged statewide.



3. In addition, the 1996 Kansas Act defines Telecommunications carrier as:

“Telecommunications carrier” means a corporation, company, individual, association of persons, their trustees, lessees or receivers that provides a telecommunications service, including, but not limited to, interexchange carriers and competitive access providers, but not including local exchange carriers certified before January 1, 1996.

II. Analysis:

3. On June 19, 1996, the Commission received a memorandum from Commission staff (Staff). Staff's memorandum indicated that the Kansas legislature intended for all telecommunications companies under the Commission's jurisdiction, except for local exchange companies (LECs) certificated before January 1, 1996, and their successors, to no longer be subject to price regulation. These companies would however have to pass through access charge reductions in their basic toll rates and would not be able to geographically deaverage toll rates. Staff stated that all previous Commission orders and tariff provisions dealing with non-price issues, such as customer notice, would be unaffected.

4. Staff's memorandum further recommended that the Commission issue an order explaining how the above-mentioned provisions will be carried out, and that such order should be mailed to all effected companies along with a cover letter explaining why the mailing is being sent.

5. Staff's memorandum, along with a memorandum from Staff counsel, stated that normally, when a company is price deregulated, it would no longer be required to file rates with the Commission. However, under present Kansas law,

each of the affected companies still must file rate tariffs. K.S.A. 66-1,189 requires telecommunications public utilities to furnish service and establish just and reasonable rates. K.S.A. 66-1,190 requires all telecommunications public utilities to publish and file tariffs. Although the Commission will have no authority under the 1996 Kansas Act to approve, deny, or require modification of such tariffs, they must be filed with the Commission. As a practical matter, Staff recommended that each filing would become effective upon filing, or at a later date if so requested by the company.

6. Staff's memorandum indicated that differing rate requirements provided for in Commission Orders, such as the Commission's March 21, 1994 Order in Docket No. 187,168-U affecting interexchange carriers (IXCs) and its September 24, 1993 Order in Docket No. 170,802-U affecting operator services providers (OSPs), would be superseded by the provisions of the 1996 Kansas Act. Staff noted an example of the limit on inmate OSP rates, which are currently tied to the rates of Southwestern Bell Telephone Company (SWBT) for intraLATA calls and AT&T for interLATA calls. Any inmate OSP would be able to charge whatever rate it and the inmate institution agreed to. The rates would also have to be geographically averaged so that there could be no difference between rates throughout the state, including intraLATA and interLATA rates. Most inmate OSPs will need to file new rates to eliminate LATA differences.

7. Staff's memorandum stated that the seven-day period between the date an IXC or OSP files a tariff rate change and its effective date would also be

eliminated. Staff recommended the Commission state that descriptions of services, as well as rates would be effective upon filing. **Non-rate** provisions, however, would still require a seven-day period between filing date and effective date as set forth in Docket No. 187,168-U. In order to handle rate filings appropriately, rate filings and non-rate filings should be filed separately.

8. Staff further recommended the Commission take this opportunity to grant a blanket waiver from its Billing Practices Standards to all debit card services. The Commission has been granting such waivers on a case-by-case basis since the first debit card service was tariffed almost three years ago. Such waivers typically state that a company's debit card service(s) is granted a waiver from the Commission's Billing Practices Standards only to the extent a waiver is necessary to provide the service. A waiver is necessary because Billing Practices Standards require notice before disconnection and require that certain information be on a bill. Debit card users typically do not get bills and customers are automatically disconnected once the value of the card is used up.

9. Therefore, Staff recommended the Commission issue an order stating that all telecommunications companies under its jurisdiction, other than LECs certificated before January 1, 1996, will be price deregulated as of July 1, 1996. Each of these companies must file rates with the Commission, but the rates and accompanying service descriptions would become effective upon filing, or whatever later date the company requests. Staff indicated that it should not normally review rates upon filing, but would have to periodically review rates to make sure access

charge reductions have been passed through to customers in basic toll rate reductions and to make sure toll rates are not geographically deaveraged. Staff further recommended that all previous Commission orders and tariff provisions dealing with non-price issues, such as customer notice, should remain unchanged. Rate tariff filings and non-rate tariff filings should be filed separately. Inmate OSPs with separate intraLATA and interLATA rates should file averaged statewide rates no later than July 30, 1996. Staff further recommended the Commission grant all IXC's and OSPs a blanket waiver from its Billing Practices Standards only to the extent a waiver is necessary to provide the debit card service(s).

III. Findings and Conclusions:

10. The Commission finds and concludes that Staff's recommendation is reasonable and should be adopted. In order to comply with the 1996 Kansas Act, all telecommunications carriers, as defined in the 1996 Kansas Act, should be price deregulated as of July 1, 1996. Each of these companies should continue to file rates with the Commission. The rates and accompanying service descriptions will become effective upon filing, or at a later date if requested.

11. The Commission further finds and concludes that all previous Commission Orders and tariff provisions regarding non-price issues, such as customer notice, should remain unchanged. Rate tariff filings and non-rate tariff filings should be filed separately. Inmate OSPs with separate intraLATA and interLATA rates should file averaged statewide rates no later than July 30, 1996.

12. The Commission further finds and concludes that all IXC's and OSPs

should be granted a waiver from the Commission's Billing Practices Standards only to the extent a waiver is necessary to provide the debit card service(s).

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

All telecommunications carriers, as defined in the 1996 Kansas Act, are hereby price deregulated as of July 1, 1996. Telecommunications carriers are hereby required to continue to file rates with the Commission, and such rates and accompanying service descriptions will become effective upon filing, or at a later date if requested. All previous Commission Orders and tariff provisions regarding non-price issues, such as customer notice, remain unchanged. Rate tariff filings and non-rate tariff filings shall be filed separately. Inmate OSPs with separate ~~intra~~LATA and ~~inter~~LATA rates shall file averaged statewide rates no later than July 30, 1996. All IXC's and OSPs are hereby granted a waiver from the Commission's Billing Practices Standards only to the extent a waiver is necessary to provide the debit card service(s).

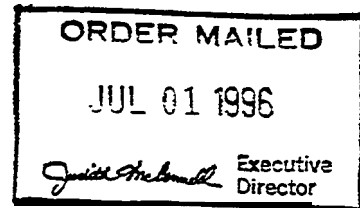
Any party may file a petition for reconsideration of this order within fifteen days of the date this order is served. If service is by mail, service is complete upon mailing and three days may be added to the above time frame.

The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

McKee, Chr.; Seltsam, Corn.; Wine, Corn.

Dated: JUL 1 1996



JUDITH McCONNELL
EXECUTIVE DIRECTOR

JTB